

VISIT...

LANZAROTE
Caliente.COM

Module One

Essential Skills for All Daytraders to Learn: ◀PREVIOUS NEXT▶

Getting Your Trigger Finger Ready: How to Overcome "Fear of Trading"

Back to
MODULE 1

● Main Points:



All of us have a "Fear of Trading", (usually often!), as we fear losing money in our trades. This is healthy and normal. What is unhealthy and stupid is to fail to **protect** your capital and enter a daytrade as though you are an investor, thinking "it's a great stock for the long term."

"Scared Money
Doesn't Win"

The minute you confuse daytrading with investing is the minute you start losing capital to those of us who are daytraders. In fact, we count on it. (This was my most difficult lesson to learn as a new daytrader.)

Tips for Building Daytrading CONFIDENCE:

Examples:

First: To **REDUCE** the Fear of Trading, **Enter a Sell Stop Market Order** IMMEDIATELY after receiving your buy confirmation from your broker. This will protect your capital and let you know what the downside is upon entering the trade. (click the link for more on this). My stops are always within 2-3 spreads of my buy price. This is an ultra-conservative strategy that limits my losses to \$20 - \$200 per trade maximum.

As you'll find in other pages, it's fine to get "stopped out" several times til you get the real bottom, or on wiggles. It's *not* fine to take a 1/2point or larger loss.

Second: Practice papertrading until you get correct on at least 1/2 your trades. Because of your use of trailing stops and stop market orders, you do not need to be right 80%+ of the time to make money. Your risk:reward ratio is profitable.

Third: Start with small share trades (100-300 shares) until you build confidence in your trading skills. Increase your share size to 500+ shares only after you've been trading 6 months or longer.

Another Idea : Celebrate small stops taken well. That's as important, probably more important in your first couple of years, than making profitable trades.



Have you ever taken **karate**? The **FIRST** thing you Learn is How To Take A Fall and Not Get Hurt. Same thing in daytrading. Before you get to be a black belt in the offensive, you **MUST LEARN HOW to PROTECT YOURSELF** from pro traders like me and the market makers who want to take your money. Be happy with losses under \$200. Be ecstatic for getting out at 1/16th-1/4 point losses.

These things build your confidence as a trader. If you're trading scared, you'll probably lose more. If you have several winning trades in a row, don't get cocky and rationalize that you're "playing with house money". You earned the money. Now, continue trading with the same intensity and care that you did before your winning trades.

What Else Works? I tell many of my traders to make sure they have a **comfortable, well-lit trading area with motivational messages and trading tips** posted around to reinforce what works. I still have "Tight Stops - NO EXCEPTIONS" posted on all my monitors.

Don't drink too much coffee..you don't want to have to run to the bathroom in the middle of a trade. After a few \$80 cups of coffee I learned that one! lol

Make sure to **communicate your trading goals** to family members and others for support.



[Send us email](#)

[DISCLAIMER](#)

COPYRIGHT (c) 1999 Hawaii Business Training Group. All rights reserved.

Successful Online Daytrading Training Resources